



Patrick W. Henning, Director



Arnold Schwarzenegger  
Governor

December 15, 2009  
22M:375:JEP:1023

Ms. Kris Stadelman, Director  
North Santa Clara Valley Job Training Consortium  
505 W. Olive, Suite 550  
Sunnyvale, CA 94086

Dear Ms. Stadelman:

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)  
SUMMER YOUTH PROGRAM  
FINAL MONITORING REPORT  
PROGRAM YEAR 2009

This is to inform you of the results of our review for Program Year (PY) 2009 monitoring review of the North Santa Clara Valley Job Training Consortium's (NOVA) ARRA Summer Youth Program (SYP). This review was conducted by Ms. Jennifer Patel and Ms. Cindy Parsell from July 27, 2009 through July 30, 2009. Our review consisted of interviews with your staff and a review of the following items: expenditures charged to the ARRA SYP, oversight of your subrecipients, and procurement transactions. In addition, we interviewed service provider staff, SYP participants, and worksite supervisors, and focused on the following areas of your ARRA SYP: eligibility determination, program operations, participant worksites, participant payroll processing, and oversight.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by NOVA with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

We collected the information for this report through interviews with representatives of NOVA, service provider staff, ARRA SYP worksite supervisors, and ARRA SYP participants. In addition, this report includes the results of our review of sampled case files, NOVA's response to Section I and II of the ARRA SYP Onsite Monitoring Guide, and a review of applicable policies and procedures for PY 2009.

We received your response to our draft report on December 2, 2009, and reviewed your comments and documentation before finalizing this report. Your response adequately addressed finding one and two cited in the draft report, and no further action is required at this time. However, these issues will remain open until we verify the implementation of your stated corrective action plan during a future onsite

review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 10050 and 10051. Conversely, your response did not address the second portion of our review for finding three cited in the draft report, therefore, we consider this finding unresolved. We request that NOVA provide the Compliance Review Office (CRO) with additional information to resolve the issue that led to the finding. This finding remains open and has been assigned CATS number 10052.

### **BACKGROUND**

The NOVA allocated all of its \$1,020,107 ARRA youth allocation to serve 200 summer youth program participants.

As of the week of September 30, 2009 NOVA expended \$951,184 to serve 201 summer youth program participants.

### **ARRA SYP REVIEW RESULTS**

While we concluded that, overall, NOVA is meeting applicable ARRA requirements, we noted instances of noncompliance in the following areas: work permits, nepotism, and timesheets. The findings that we identified in these areas, our recommendations, and the NOVA proposed resolution of the findings is specified below.

### **FINDING 1**

**Requirement:** California Education Code Section 49160 states, in part, that no person, firm or corporation shall employ, suffer, or permit any minor under the age of 18 years to work in or in connection with any establishment or occupation, except as provided in Section 49151, without a permit to employ, issued by the proper educational officers in accordance with law.

California Labor Code Section 1299 states, in part, that every person, or agent or officer thereof, employing minors, either directly or indirectly through third persons, shall keep on file all permits and certificates, either to work or to employ.

**Observation:** We found that two younger youth participants, ages 17 and 16, were participating in paid work experience prior to the issuance of the work permit. One participant started working on July 13, 2009 but the work permit was not issued until July 28, 2009. The second participant started working on June 29, 2009 but the work permit was not issued until July 8, 2009.

**Recommendation:** We recommended that NOVA provide CRO with a corrective action plan (CAP) stating how it will ensure, in the future, that all youth participants are issued a work permit prior to starting any paid work experience activities.

**NOVA Response:** The NOVA stated that to ensure all youth participants in the paid work experience component of the program have a work permit, if required, NOVA will implement a checklist of required documentation for participation. In addition, NOVA will implement procedures that a work permit is obtained for the youth participant prior to filing a request for employment with its Human Resources Department. This procedure change has been disseminated to all WIA youth program staff and will be the policy going forward.

**State Conclusion:** The NOVA's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, NOVA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10050.

## **FINDING 2**

**Requirement:** 29 CFR Section 667.200(g) states, in part, that no individual may be placed in a WIA employment activity if a member of that person's immediate family is directly supervised by or directly supervises that individual.

**Observation:** We found that a participant working at the Palo Alto Veterans Hospital was being supervised by his mother. Additionally, we were able to verify that the participant's mother was signing his timesheets.

**Recommendation:** We recommended that NOVA provide CRO with a CAP stating how will ensure, in the future, that no individual is placed in a WIA employment activity if a member of that individual's immediate family directly or indirectly supervises that individual.

**NOVA Response:** The NOVA stated that this situation was unusual because the youth was severely disabled and was placed at the only worksite that would supervise a group of youth with such disabilities. Without an exception to our own policy, this

individual would have been excluded from participation in this program.

The NOVA will revise their non-financial agreement between NOVA and worksite employers. This agreement is reviewed and signed by the worksite supervisor and NOVA. The updated "NOVA Work Experience Non-Financial Agreement" will include the following statement, "Assure that no youth participant is placed at a worksite if any member of that individual's immediate family directly or indirectly supervises that individual."

**State Conclusion:** The NOVA's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, NOVA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10051.

### **FINDING 3**

**Requirement:** 29 CFR 97.20(a) states, in part, that fiscal control and accounting procedures of subgrantees must be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. Section (b)(2) states, in part, that subgrantees must maintain records which adequately identify the source and application of funds for financially-assisted activities. Section (b)(6) requires that accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records.

OMB 87, Attachment A, Section (C)(1)(j) states, in part, that for cost to be allowable they must be adequately documented.

OMB 87, Attachment A, Section (C)(3)(a) states, in part, that for costs to be allowable under Federal awards they must be allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objectives in accordance with relative benefit received.

OMB Circular A-87, Attachment B, (8)(h)(5) states, in part, that personnel activity reports or equivalent documentation must reflect an after-the-fact distribution of the actual activity of

each employee, they must be prepared at least monthly and must coincide with one or more pay periods, and they must be signed by the employee.

**Observation:**

We found that timesheets did not adequately document youth participant time charges. Specifically, of the 30 timesheets reviewed, we found that:

- Five contained changes that were not initialed;
- Six timesheets did not contain a participant signature;
- Seven did not contain a supervisor signature; and
- Three timesheets showed that the case manager signed for the participant's supervisor and one timesheet showed that the case manager signed for the participant. Further, the supervisors and participants did not initial the case manager's signature verifying that the timesheets had been reconciled.

**Recommendation:**

We recommended that NOVA provide a CAP to the CRO to establish policy and procedures to adequately identify the source and application of funds particularly for staff time. This should include a requirement that changes to timesheets be initialed, and that timesheets are reviewed for completeness. Additionally, we recommended that NOVA reconcile all timesheets by obtaining the appropriate signature or initials and provide CRO documentation of its actions.

**NOVA Response:**

The NOVA stated that they are adhering to the City of Sunnyvale's Human Resources timesheet policy. However, NOVA will add additional rules for timesheets. In order to reduce timecard issues in the future, NOVA will provide samples of correct timecards and train worksite supervisors and staff on signature requirements. In cases in which we are unable to secure the required initials or signatures on the timecard in a timely manner, we will contact the appropriate individual, confirm information, and complete a telephone verification form to document approval of the hours indicated. These changes will also be noted in the participant's case note record.

**State Conclusion:**

Based on NOVA's response, we cannot resolve this issue at this time. While NOVA provided a CAP, it did not provide documentation verifying that it reconciled all timesheets by obtaining the appropriate signature or initials. We cannot

resolve this issue until this documentation is received. This issue is assigned CATS number 10052.

Due to the short period of time the 2009 SYP is in operation the above corrective actions were requested in the exit conference in order that corrective action can be taken immediately. We are providing you up to 10 working days after receipt of this report to submit to the Compliance Review Office your response to this report. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than December 31, 2010. If we do not receive a response by this date, we will release this report as the final report. Please submit your response to the following address:

Compliance Monitoring Section  
Compliance Review Office  
722 Capitol Mall, MIC 22M  
P.O. Box 826880  
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is NOVA's responsibility to ensure that its systems, programs, and related activities comply with the ARRA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain NOVA's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,



JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Office

cc: Jose Luis Marquez, MIC 50  
Dathan O. Moore, MIC 50  
Doug Orlando, MIC 50  
Daniel Patterson, MIC 45